

# **S. S. Kresge Company**

(A MICHIGAN CORPORATION)

*and*

**Subsidiary Companies**

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## **TWENTY-SECOND ANNUAL REPORT**

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*Year ending December thirty-first*

**1933**

# CONSOLIDATED BALANCE ASSETS

## Property Account

Properties, at cost, less depreciation (Exhibit II).....\$ 77,638,000.45

## Current Assets

|                                                       |                 |               |
|-------------------------------------------------------|-----------------|---------------|
| Inventories (at cost or market, whichever lower)..... | \$17,838,257.57 |               |
| Accounts receivable, less reserve for losses          | 261,869.75      |               |
| Investment in Bonds (at quoted values, below cost)    |                 |               |
| U. S. Liberty Loan and Treasury Certificates.....     | \$290,133.13    |               |
| Federal Land Bank.....                                | 426,080.00      |               |
|                                                       | 716,213.13      |               |
| Cash in banks and on hand.....                        | 9,433,798.24    |               |
|                                                       |                 | 23,250,138.69 |

## Investments, etc.

|                                                                                                                                                                                  |                 |              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------|
| Balance owing on sale of 327,384 shares of S. S. Kresge Company common stock in respect of which 386,984 shares of S. S. Kresge Company common stock are held as collateral..... | \$ 7,834,845.99 |              |
| 30,568 shares of S. S. Kresge Company common stock, at cost.....                                                                                                                 | 783,824.12      |              |
| Funds on deposit in closed banks, less reserves (\$428,851.64).....                                                                                                              | 757,488.00      |              |
| Mortgage receivable, stocks and bonds of other companies, Federal Land Bank bonds deposited as security for lease agreements, etc., at cost.....                                 | 235,570.99      |              |
| Bonds and certificates of participation in mortgages of the company (Face value \$205,000.00), at cost.....                                                                      | 189,276.25      |              |
|                                                                                                                                                                                  |                 | 9,801,005.35 |

## Deferred charges to future operations

|                                                                                                                       |                         |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------|
| (including rentals paid in advance, unamortized bond and mortgage discount and expense, prepaid insurance, etc.)..... | 3,700,125.61            |
|                                                                                                                       | <u>\$119,439,270.10</u> |

To the Board of Directors, S. S. Kresge Company:

We have made an examination of the consolidated balance sheet of S. S. Kresge Company for the year 1933. In connection therewith, we examined or tested accounts and explanations from officers and employees of the several companies, we also made a general review but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the above consolidated balance sheet and the of accounting consistently maintained by the several companies during the year under review, the operations for the year.

Detroit, Michigan, February 5, 1934.

AUDITOR'S CERTIFICATE

(Signed)

# ICE SHEET, December 31, 1933

## LIABILITIES

### Capital Stock

|                                                                                                                          |                 |                  |
|--------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|
| 7% Cumulative Preferred (authorized<br>50,000 shares, par value \$100.00 each)<br>—20,000 shares.....                    | \$ 2,000,000.00 |                  |
| Common (authorized 10,000,000 shares,<br>par value \$10.00 each)—5,517,929 <sup>55</sup> / <sub>100</sub><br>shares..... | 55,179,295.50   | \$ 57,179,295.50 |

|                                                                                                 |              |  |
|-------------------------------------------------------------------------------------------------|--------------|--|
| <u>Fifteen Year 5% First Mortgage Sink-<br/>ing Fund Gold Bonds, maturing in<br/>1945</u> ..... | 1,848,500.00 |  |
|-------------------------------------------------------------------------------------------------|--------------|--|

### Mortgages and Land Contracts Payable

|                     |                 |               |
|---------------------|-----------------|---------------|
| Mortgages.....      | \$18,755,475.00 |               |
| Land Contracts..... | 1,562,016.01    | 20,317,491.01 |

### Current Liabilities

|                                          |                 |  |
|------------------------------------------|-----------------|--|
| Accounts payable, for merchandise, etc.. | \$ 2,996,707.02 |  |
|------------------------------------------|-----------------|--|

*Note*—No liability has been set up in the accounts for invoices aggregating about \$685,000.00 received on or before December 31, 1933, the merchandise in respect of which had not yet been received at that date.

|                                                                                                     |              |              |
|-----------------------------------------------------------------------------------------------------|--------------|--------------|
| Provision for U. S. A. income and capital<br>stock taxes, and Dominion of Canada<br>income tax..... | 1,551,028.39 |              |
| Accrued interest and taxes.....                                                                     | 946,957.59   | 5,494,693.00 |

|                                                                                              |            |  |
|----------------------------------------------------------------------------------------------|------------|--|
| <u>Reserves for Fire Losses, Injuries and<br/>Damage Claims, and Contingencies</u> . . . . . | 857,247.57 |  |
|----------------------------------------------------------------------------------------------|------------|--|

|                             |               |                  |
|-----------------------------|---------------|------------------|
| <u>Earned Surplus</u> ..... | 33,742,043.02 | \$119,439,270.10 |
|-----------------------------|---------------|------------------|

### 3 CERTIFICATE

For any and its subsidiary companies as at December 31, 1933, and of the consolidated statement of accounts of the several companies and other supporting evidence and obtained information in view of the accounting methods and of the operating and income accounts for the year, and the related statement of income fairly present, in accordance with accepted principles of accounting, the position of the combined companies at December 31, 1933, and the results of their

(Signed) PRICE, WATERHOUSE & CO.

**CONSOLIDATED STATEMENT OF PROFIT AND  
LOSS FOR THE YEAR ENDED  
DECEMBER 31, 1933**

**Exhibit I**

|                                                                                                                                                 |                   |                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------|
| Sales.....                                                                                                                                      | \$125,972,803.05  |                         |
| Rentals and interest received, etc.....                                                                                                         | 284,843.37        |                         |
|                                                                                                                                                 |                   | <u>\$126,257,646.42</u> |
| <i>Deduct:</i> Cost of sales, selling and<br>general expenses..                                                                                 |                   | <u>111,238,810.45</u>   |
| Profit before deducting interest charges,<br>depreciation and amortization, and<br>provision for Federal income and<br>capital stock taxes..... |                   | \$ 15,018,835.97        |
| <i>Add:</i> Profit on purchase for retire-<br>ment of bonds and certificates of<br>participation in mortgages of the<br>company.....            |                   | <u>18,172.55</u>        |
| Together.....                                                                                                                                   |                   | <u>\$ 15,037,008.52</u> |
| <i>Deduct:</i>                                                                                                                                  |                   |                         |
| Interest paid.....                                                                                                                              | \$ 1,226,884.78   |                         |
| Amortization of bond and mortgage<br>discount and expense .....                                                                                 | 24,814.63         |                         |
| Depreciation and amortization...                                                                                                                | 3,734,306.40      |                         |
| Federal income taxes .....                                                                                                                      | 1,436,104.43      |                         |
| Federal capital stock taxes .....                                                                                                               | <u>173,800.00</u> |                         |
|                                                                                                                                                 |                   | <u>6,595,910.24</u>     |
| Net profit for the year 1933.....                                                                                                               |                   | <u>\$ 8,441,098.28</u>  |

**CONSOLIDATED SURPLUS ACCOUNT AT  
DECEMBER 31, 1933**

|                                                                                                                                 |                  |                         |
|---------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------------|
| Surplus, January 1, 1933. ....                                                                                                  |                  | \$ 27,635,589.14        |
| Net profit for the year ended December<br>31, 1933 (as above).....                                                              |                  | <u>8,441,098.28</u>     |
| Together.....                                                                                                                   |                  | <u>\$ 36,076,687.42</u> |
| <i>Deduct:</i> Dividends paid (in cash) in-<br>cluding as paid dividends aggregating<br>\$1,098,447.20 payable January 2, 1934: |                  |                         |
| On Preferred stock, 7% .....                                                                                                    | \$ 140,000.00    |                         |
| On Common stock, 4% .....                                                                                                       | \$2,207,121.60   |                         |
| Less: Dividends in re-<br>spect of stock held by<br>the company.....                                                            | <u>12,477.20</u> | <u>2,194,644.40</u>     |
|                                                                                                                                 |                  | <u>2,334,644.40</u>     |
| Surplus at December 31, 1933.....                                                                                               |                  | <u>\$ 33,742,043.02</u> |

## RECORD OF SALES

(Including S. S. Kresge Company, Ltd., since 1929.)

The sales of S. S. Kresge Company (and S. S. Kresge Company, Ltd., since commencement of operations in 1929) together with the earnings on common stock of S. S. Kresge Company since its organization have been as follows:

|      |                        |                                   |        |
|------|------------------------|-----------------------------------|--------|
| 1912 | Sales—\$ 10,325,487.84 | Earnings on \$5,000,000 . . . . . | 11.51% |
| 1913 | " ..\$ 13,258,227.59   | " " . . . . .                     | 14.68% |
| 1914 | " ..\$ 16,097,393.63   | " " . . . . .                     | 20.43% |
| 1915 | " ..\$ 20,943,300.85   | " " . . . . .                     | 23.34% |
| 1916 | " ..\$ 26,396,547.84   | " \$10,000,000 . . . . .          | 19.92% |
| 1917 | " ..\$ 30,090,700.37   | " " . . . . .                     | 17.21% |
| 1918 | " ..\$ 36,309,513.47   | " " . . . . .                     | 15.61% |
| 1919 | " ..\$ 42,668,060.91   | " " . . . . .                     | 21.40% |
| 1920 | " ..\$ 51,245,311.23   | " " . . . . .                     | 26.14% |
| 1921 | " ..\$ 55,859,010.57   | " \$16,101,200 . . . . .          | 21.07% |
| 1922 | " ..\$ 65,191,467.12   | " \$18,228,200 . . . . .          | 35.52% |
| 1923 | " ..\$ 81,843,233.06   | " \$24,517,933 . . . . .          | 38.14% |
| 1924 | " ..\$ 90,096,248.85   | " \$24,527,933 . . . . .          | 40.66% |
| 1925 | " ..\$105,965,610.24   | " \$36,786,197 . . . . .          | 31.73% |
| 1926 | " ..\$119,218,005.05   | " \$36,786,197 . . . . .          | 33.60% |
| 1927 | " ..\$133,765,777.43   | " \$36,786,197 . . . . .          | 37.61% |
| 1928 | " ..\$147,363,022.25   | " \$36,786,197 . . . . .          | 42.14% |
| 1929 | " ..\$156,327,735.12   | " \$55,179,296 . . . . .          | 25.84% |
| 1930 | " ..\$150,353,703.25   | " \$55,179,296 . . . . .          | 18.99% |
| 1931 | " ..\$145,785,473.68   | " \$55,179,296 . . . . .          | 16.89% |
| 1932 | " ..\$124,421,062.41   | " \$55,179,296 . . . . .          | 9.99%  |
| 1933 | " ..\$125,734,196.68   | " \$55,179,296 . . . . .          | 15.04% |

Earnings shown are after provision is made for the payment of War Excess Profits and Income Taxes.

## NUMBER OF STORES

Number of stores in operation at the end of each year since incorporation in 1912.

| Year                              | Stores |
|-----------------------------------|--------|
| 1912.....                         | 85     |
| 1913.....                         | 101    |
| 1914.....                         | 118    |
| 1915.....                         | 139    |
| 1916.....                         | 160    |
| 1917.....                         | 164    |
| 1918.....                         | 170    |
| 1919.....                         | 174    |
| 1920.....                         | 184    |
| 1921.....                         | 200    |
| 1922.....                         | 211    |
| 1923.....                         | 234    |
| 1924.....                         | 257    |
| 1925.....                         | 306    |
| 1926.....                         | 367    |
| 1927.....                         | 435    |
| 1928.....                         | 506    |
| 1929 U. S. A., 578; Canada, 19 .. | 597    |
| 1930 U. S. A., 646; Canada, 32 .. | 678    |
| 1931 U. S. A., 673; Canada, 38 .. | 711    |
| 1932 U. S. A., 677; Canada, 42 .. | 719    |
| 1933 U. S. A., 676; Canada, 44 .. | 720    |

## OFFICERS

|                 |                                 |
|-----------------|---------------------------------|
| S. S. KRESGE    | Chairman of the Board           |
| C. B. VAN DUSEN | President and General Manager   |
| R. R. WILLIAMS  | Vice-President-Merchandising    |
| P. T. EVANS     | Vice-President-Store Management |
| H. H. SERVIS    | Vice-President-Real Estate      |
| C. B. TUTTLE    | Treasurer                       |
| R. A. BELL      | Secretary                       |
| J. G. COFFIN    | Comptroller                     |



## BOARD OF DIRECTORS

S. S. KRESGE, Miami Beach, Florida

CHAS. E. MERRILL, New York City

|                 |                   |               |
|-----------------|-------------------|---------------|
| C. B. VAN DUSEN | R. R. WILLIAMS    | C. B. TUTTLE  |
| P. T. EVANS     | H. H. SERVIS      | F. R. WERTMAN |
| R. A. BELL      | HOWARD C. BALDWIN |               |

Detroit, Michigan